GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2143
ANSWERED ON:29.07.2016
Debt Ridden Listed Companies
Mahendran Shri C.

Will the Minister of FINANCE be pleased to state:

(a) whether each one in three companies listed in Bombay Stock Exchange (BSE) have more debt than value, if so, the details thereof;

(b) the total number of companies are listed in BSE as on date; and

(c) the reaction of the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a): As per the information provided by the Securities and Exchange Board of India (SEBI), out of the 4,066 companies that have submitted Balance Sheet/reported financials for the last Financial Year with Bombay Stock Exchange (BSE), there are 843 companies in which the Debt (non-current liabilities) are greater than their value considered as Networth (Share Capital + Reserves & Surplus) on a standalone basis. Thus, 20.73% of the companies have more debt than Networth.

(b): As per the data provided by SEBI, the number of companies listed on the BSE, as on July 24, 2016, is 5,522.

(c): The companies finance their projects through debt as well as equity. Debt/equity ratio varies across industries as different industries rely on different amounts of capital to operate and use that capital in different ways, a relatively high debt/equity ratio may be common in one industry while a relatively low debt/equity may be common in another.

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